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STAFF DIRECTOR

**U.S. House of Representatives**  
**Committee on Financial Services**  
2129 Rayburn House Office Building  
Washington, DC 20515  
May 20, 2004

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The Honorable Roger Ferguson  
Vice-Chairman  
Board of Governors of the Federal Reserve System  
Twentieth and C Streets, N.W.  
Washington, D.C. 20551

Dear Vice Chairman Ferguson:

We write today to express concern regarding the facts and circumstances surrounding the recent contract termination between the Federal Reserve Bank of New York and UBS AG. The contract permitted UBS AG to serve as an Extended Custodial Inventory (ECI) facility for the distribution of U.S. dollars abroad as well as for the repatriation of U.S. dollars.

Pursuant to its responsibility and authority under rules X and XI of the Rules of the House of Representatives for the House of Representatives for the 108th Congress, the Financial Services Committee is reviewing the actions of UBS during the contract period (1994 to 2004). We intend to hold a hearing regarding this matter after the Memorial Day recess.

We therefore request that you provide us with any records matching the following descriptions for our review:

- Reports in your possession from Sullivan & Cromwell and/or Ernst & Young regarding their investigation of the UBS contract violations;
- Spreadsheets of transactions in U.S. dollars from the ECI facility maintained by UBS in Zurich;
- All ECI contracts (and any amendments thereto) executed by the Federal Reserve Bank of New York, including terminated contracts;
- The policy and procedures manual (including any recent amendments) distributed to ECI operators; and
- Memoranda of Understanding that the Federal Reserve may have executed with banking regulatory authorities in the following jurisdictions: the United Kingdom, Switzerland, Singapore, and Hong Kong.

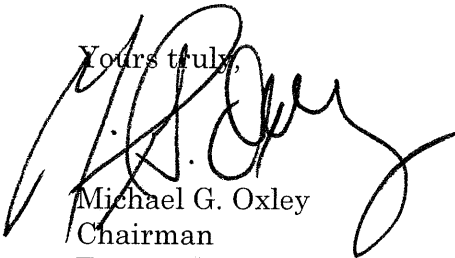
These records should be delivered to the Committee offices in room 2129 Rayburn House Office Building not later than the close of business on Friday, May 28, 2004. The

The Hon. Roger Ferguson  
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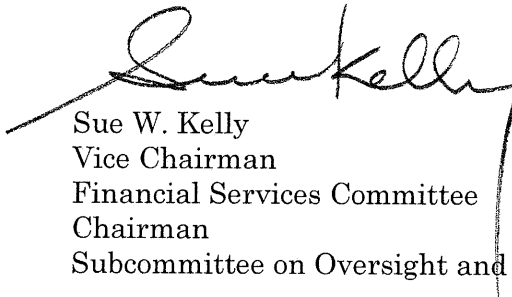
terms "records" and "relating" should be interpreted as described in the attachment to this letter.

We also request that the Federal Reserve conduct a briefing for Committee staff concerning its procedures for ensuring compliance with major contracts executed by the Federal Reserve System and its District Banks including, but not limited to, ECI contracts.

Yours truly,



Michael G. Oxley  
Chairman  
Financial Services Committee



Sue W. Kelly  
Vice Chairman  
Financial Services Committee  
Chairman  
Subcommittee on Oversight and Investigations

MGO/bcm

Attachment

cc: The Honorable Barney Frank, Ranking Member, Financial Services Committee  
The Honorable Timothy Geithner, President, Federal Reserve Bank of New York

Attachment

1. The term "records" is to be construed in the broadest sense and shall mean any written or graphic material, however produced or reproduced, of any kind or description, consisting of the original and any non-identical copy (whether different from the original because of notes made on or attached to such copy or otherwise) and drafts and both sides thereof, whether printed or recorded electronically or magnetically or stored in any type of data bank, including, but not limited to, the following: correspondence, memoranda, records, summaries of personal conversations or interviews, minutes or records of meetings or conferences, opinions or reports of consultants, projections, statistical statements, drafts, contracts, agreements, purchase orders, invoices, confirmations, telegraphs, telexes, agendas, books, notes, pamphlets, periodicals, reports, studies, evaluations, opinions, logs, diaries, desk calendars, appointment books, tape recordings, video recordings, e-mails, voice mails, computer tapes, or other computer stored matter, magnetic tapes, microfilm, microfiche, punch cards, all other records kept by electronic, photographic, or mechanical means, charts, photographs, notebooks, drawings, plans, inter-office communications, intra-office and intra-departmental communications, transcripts, checks and canceled checks, bank statements, ledgers, books, records or statements of accounts, and papers and things similar to any of the foregoing, however denominated.
2. The terms "relating" or "relate" as to any given subject means anything that constitutes, contains, embodies, identifies, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.